

Message Text

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15

ACTION EUR-25

INFO OCT-01 IO-12 ADP-00 AGR-20 AID-20 CEA-02 CIAE-00

COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02

STR-08 TRSE-00 LAB-06 SIL-01 OMB-01 NSC-10 SS-15 L-03

H-02 PA-03 PRS-01 USIA-12 TAR-02 RSR-01 /171 W

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INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

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USMISSION GENEVA

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PASS AGRICULTURE

E. O. 11652: N/ A

TAGS: EAGR OCON EEC

SUBJECT: APRIL 16 - 17 EC COUNCIL OF MINISTERS (AGRICULTURAL)
MEETING

REF: EC BRUSSELS 1998

1. SUMMARY. THE EC COUNCIL OF MINISTERS(AGRICULTURAL) MET IN
LUXEMBOURG ON APRIL 16 - 18 IN ORDER TO DECIDE ON THE CAP PRICES
FOR 1973/74. THE MEETING SHOWED ONCE MORE A PROFOUND DIVERGENCY
OF VIEWS. NEITHER THE PROPOSED LINK BETWEEN THE PRICE INCREASES AND
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THE RESTORATION OF THE COMMON PRICE SYSTEM NOR THE MAGNITUDE OF THE PROPOSED PRICE INCREASES FOR INDIVIDUAL PRODUCTS MET WITH THE APPROVAL OF THE MINISTERS. A COMPROMISE PROPOSAL SUBMITTED BY THE COMMISSION IN THE EVENING OF APRIL 17, WHICH MAINTAINED THE LINK BETWEEN THE RESTORATION OF THE COMMON PRICE SYSTEM AND PRICE INCREASES BUT MODIFIED SOMEWHAT THE PRICES PROPOSED FOR INDIVIDUAL COMMODITIES, WAS ALSO REJECTED. SIMULTANEOUSLY WITH THE COUNCIL SESSION A MEETING OF SOME 30,000 FARMERS FROM FRANCE, GERMANY, BELGIUM, AND HOLLAND TOOK PLACE IN VALENCIENNES IN NORTHERN FRANCE. AT THIS MEETING THE FARM REPRESENTATIVES DEMANDED CONSIDERABLY LARGER PRICE INCREASES THAN THOSE PROPOSED BY THE COMMISSION.

UNDER

THE IMPACT OF THIS MEETING THE POSITIONS TAKEN BY VARIOUS MINISTERS IN LUXEMBOURG HARDENED FURTHER. THE COUNCIL MEETING ENDED ON APRIL 18 AT 6 A. M. IN CONSIDERABLE CONFUSION. A NEW COUNCIL MEETING HAS BEEN SCHEDULED FOR APRIL 28 AND 29. END SUMMARY.

2. THE MEETING OF THE EC MINISTERS OF AGRICULTURE, WHICH BEGAN ON APRIL 16 IN LUXEMBOURG, WAS TO DECIDE ON THE COMMISSION PROPOSALS FOR THE 1973/74 CAP PRICES. THIS PROPOSAL WAS ALSO AIMED AT ABOLISHING THE MONETARY COMPENSATORY AMOUNTS AT LEAST IN THOSE MEMBER STATES WHERE CURRENCIES ARE PRESENTLY NOT FLOATING VIS-A-VIS EACH OTHER (I. E., GERMANY, THE BENELUX COUNTRIES, DENMARK, AND FRANCE). SINCE ACCEPTANCE OF THIS PROPOSAL WOULD HAVE ENTAILED A FAR-REACHING PRICE FREEZE, THE GERMANS REJECTED IT FROM THE VERY BEGINNING. ERTL, THE GERMAN MINISTER OF AGRICULTURE, MAINTAINED THROUGHOUT THE COUNCIL MEETING THAT THERE CAN BE NO LINK BETWEEN THE CAP PRICES AND THE RE-ESTABLISHMENT OF THE COMMON PRICE SYSTEM, UNLESS THERE IS FURTHER PROGRESS TOWARD MONETARY AND ECONOMIC UNION.

ERTL'S STAND WAS NOT SOFTENED EITHER WHEN IT WAS TENTATIVELY SUGGESTED (REPORTEDLY BY CHIRAC) THAT GERMAN FARMS COULD BE COMPENSATED FOR THE FREEZE IN GERMAN SUPPORT PRICES BY DIRECT SUPPORT PAYMENTS PRESUMABLY TO BE FINANCED BY FEOPA. ERTL'S POSITION WAS STRONGLY SECONDED BY THE BELGIANS. HOWEVER, THE BELGIAN MINISTER OF AGRICULTURE SUGGESTED A COMPROMISE TO THE EFFECT THAT THE SOLUTION OF THE MONETARY PROBLEM SHOULD BE POSTPONED TO OCTOBER 1973, AND THAT THE 1973/74 PRICES SHOULD BE FIXED NOW, BUT ONLY IN TERMS OF NATIONAL CURRENCIES. THIS SUGGESTION WAS ALSO UNACCEPTABLE TO THE OTHER MINISTERS, THE MORE SO AS THEY HELD OFTEN DIAMETRICALLY OPPOSED VIEWS ON THE PRICE PROPOSALS THEMSELVES, QUITE APART FROM THE RELATIONSHIP BETWEEN THEM AND THE MONETARY PROBLEM. FOR INSTANCE, AS REGARDS THE TARGET

PRICE OF MILK, THE FRENCH, BELGIAN, DANISH, LUXEMBOURG, AND IRISH LIMITED OFFICIAL USE

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DELEGATIONS REQUESTED A MUCH STRONGER PRICE INCREASE THAN THAT
PROPOSED BY THE COMMISSION, WHILE THE U. K. AND THE ITALIANS
OPPOSED ANY PRICE INCREASES. THE U. K. REPORTEDLY ARGUED INITIALLY
AGAINST ANY PRICE INCREASES WHATSOEVER BUT SOFTENED THEIR STAND
LATER WHEN THE OTHER MINISTERS TENTATIVELY AGREED TO PERMIT THE
U. K. UNDER
E E E E E E E

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